

Memorandum



Date: April 5, 2005

Supplement to
Agenda Item No. 10(C)1A

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Supplement to Agenda Item 10C1A : Modification to Lease Agreement with Carrfour Supportive Housing, Inc.

This supplemental report provides information regarding the withdrawal of this item from the Board's Agenda on February 1, 2005 and subsequent discussions and negotiations regarding modifications to the proposed development concept and project funding.

The County is supportive of Carrfour receiving Florida Housing Finance Corporation Low Income Housing Tax Credits to provide 39 units of housing for homeless families and affordable housing for 37 low-income families in our community. If funded by the State, this would be a highly leveraged project, bringing millions of dollars in capital funding into Miami-Dade County, and providing up to 76 units of housing to families in great need of a permanent residence. Carrfour's track record in obtaining these funds is excellent.

Carrfour Supportive Housing is a premier developer of permanent supportive housing with a highly successful track record in our community. Carrfour has developed hundreds of units of housing in close partnership with Miami-Dade County over the last decade and has received National, State, and local recognition for their fine work. Carrfour promotes a long-term comprehensive solution to homelessness, by providing housing with complementary services.

The housing section of the Villa Aurora project will serve 39 homeless and formerly homeless families in apartments that provide supportive services that maximize the resident's self-sufficiency. Individuals and families residing in Carrfour's current housing projects enjoy a 90% success rate in achieving this goal. Additionally, the project will include 37 units of affordable housing that will be targeted to the elderly, for a total of 76 units of housing.

The proposed mixed-use arrangement of this facility has been successfully implemented in Portland, Oregon, with similar projects in New York and Connecticut.

When the County and Carrfour discussed and agreed to explore the concept of a mixed-use project on the Villa Aurora project site in November, 2004, the anticipated funding source for the housing portion of this project was identified as Florida Housing Finance Corporation Low Income Housing Tax Credits. The proposed lease modification that was presented to the COSHA Committee at the January 12, 2005 meeting contained language, in Article XXV, that stated the County would provide up to \$2,950,000 for the capital development of new library space, including design, construction, landscaping, parking, and any other developments costs incurred in connection with the Library Program space. Carrfour provided this cost estimate to the County and agreed to the presentation of the negotiated terms as presented to the COSHA committee.

The week (January 27, 2005) prior to the February 1st BCC meeting, Carrfour, despite its previous approval of the terms related to the library funding, stated that it could not guarantee the \$2,950,000, as the cost related to the development of the Library space and wished to receive the \$2,950,000 as a grant. This development led to several attempts to come to an agreement between Carrfour and County staff. On January 31, 2005, with no agreement with Carrfour on the cost of the new library

space, a call was made to Carrfour in an attempt to reach an agreement. During this call staff was advised by Carrfour that since plans had not been completed and the proposed project had not yet been bid out, they could not provide a final cost estimate for the construction of the new library space. As the result of the discussion, Carrfour's offer was to guarantee the delivery of a shell of the new library space that did not include final interior build out, with walls, fixtures, etc. Based on this discussion, staff was not comfortable that we had come to terms with the developer and withdrew the item from the February 1, 2005 BCC Agenda, until such time as the necessary issues could be fully negotiated.

Subsequent to February 1, 2005, staff continued to meet with Carrfour staff and Board members. On February 2, 2005, Carrfour submitted a letter to the County (copy attached) stating that \$2,950,000 is a reasonable amount, although it resulted from a miscalculation of the cost estimate, and further that since the item was not heard at the February 1st, 2005, BCC, that Carrfour was withdrawing their offer of a guarantee.

On February 14, 2005, Carrfour submitted a letter to the County (copy attached) offering to provide up to \$1 million of Carrfour funding to be placed in escrow for the development rights to this project. The agreement outlined that these funds could be utilized for costs over and above the originally negotiated \$2,950,000 in County funding, however, Carrfour was still only offering to complete a shell of the new library space, and provided an out clause for Carrfour to abandon the project and be reimbursed for predevelopment fees if the cost estimates exceeded the total of \$3,950,000. Upon review and discussion, County staff determined that this proposal was not acceptable and formally advised Carrfour that the County's continued to be uncomfortable with moving forward on the mixed-use project on March 9, 2005.

Please note that senior staff from the Manager's Office, Library Department, Homeless Trust, and the County Attorney's Office has been engaged in numerous meetings, and communications with Carrfour's Board and staff since February in an attempt to come to resolution on this matter.

On March 24, 2005, County staff again met with Carrfour in an attempt to resolve this issue. This meeting was held to discuss any modification that Carrfour was willing to have the County consider relative to the most recently reviewed proposal that was transmitted in the letter dated February 14, 2005. Prior to the meeting Carrfour had formally advised County staff that no modification to the February 14th proposal was being offered. Carrfour continued to offer to provide a shell of the new library space for the \$2,950,000 in County funding and, additionally, County staff continued to indicate that there was a timing issue in relation to being able to commit these funds. Carrfour then offered to provide the \$1 million for cost overruns to the County to acquire another site for the Library. Commissioner Barreiro continued to express a desire to move forward with a mixed-use project.

Current Status:

On March 29, 2005, Carrfour made an offer to build a finished space for a storefront Library for up to \$2,950,000 in County funds. In addition, Carrfour offered to provide up to \$1.5 million to cover costs in excess of \$2,950,000. Based on Carrfour's latest offer, County staff recommends that the County agree to guarantee the funding requested to complete this project (\$2,950,000).

The Library Department has determined that there is funding available in the Library's Capital Plan that can be allocated for this project from the Library Department's Capital Improvement Fund without negatively affecting the current building schedule or the related project budgets for currently

programmed Library projects. The Library, has been able to realize some savings as a result of the utilization of County owned property for 2 construction projects and the utilization of municipally owned property for 1 construction project, which makes this commitment of funds possible. In addition, the General Obligation Bond program contains funding which allows the Library to accelerate three capital projects currently in the Library's Capital Plan. It is anticipated that the addition of the Hispanic Library will not negatively impact the current building schedule due to the ability to cash flow construction projects between the Library Capital Plan and the Building Better Communities General Obligation Bond funding. With this option, the County has a unique and affordable opportunity to expand the materials collection and programming at the Hispanic Branch Library

As further due diligence regarding this project, I requested the General Services Administration Department to perform a market study on the vacant lots available in this area of Miami-Dade County. Based on GSA's finding the cost to purchase land in this area would make it difficult for the Library to acquire land to build a stand alone Library branch. The proposed new facility will double the size of the Hispanic Branch Library which currently occupies approximately 6,000 sq. ft of leased space.

The original lease modification agreement language, regarding the development of Library Program space, provided that the \$2,950,000 was subject to the parties reaching mutually agreeable terms in a separate agreement. County staff recommends amending Article XXV, the Library Program, to include specifications on the Interior, Interior Design Plan, Furniture and Supplies & Equipment, Maintenance, Capital Commitment and Operations. County staff has been working with Carrfour to present the following revisions to the Lease Amendment that was previously approved by the COSHA Committee. The current version of the lease amendment as approved by the COSHA Committee, must be amended in the following areas:

Proposed Amendments:

As previously indicated, the originally proposed lease amendment provided that the \$2,950,000 was subject to the parties reaching mutually agreeable terms in a separate agreement. County staff recommends amending the Lease Agreement, Article XXV - The Library Program to include specifications on the Interior, Interior Design Plan, Furniture and Supplies & Equipment, Maintenance, Capital Commitment and Operations. County staff has been working with Carrfour to present the following revisions to the Lease Amendment that was favorably recommended for approval by the COSHA Committee.

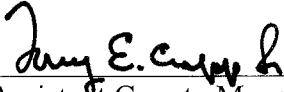
As agreed by County staff and Carrfour, the current version of the lease amendment as approved by the COSHA Committee, must be amended to address areas, including the following:

1. The terms of the County's provision of \$2,950,000 for capital development and construction costs of the Library Space;
2. The terms of Carrfour's funding of an Escrow Account in the amount of \$1,500,000.00 to fund a reserve for capital development and construction costs of the Library Space;

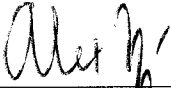
3. The Library Space physical requirements, including interior design and construction requirements, parking space requirements, provision for a separate library entrance and other related matters;
4. The specifics of the interior design and construction of the Library space, which include the following responsibilities of Carrfour:
 - fully partition, paint the interior of the Library Building;
 - furnish and install all interior doors and interior finishes;
 - furnish and install a finished ceiling, including all overhead lighting fixtures;
 - furnish and install an independent fully functional HVAC air conditioning system for the Library space;
 - furnish and install all safety devices required by the Florida Building Code or other applicable laws, rules, or regulations, including but not limited to: all fire alarms, sprinkler systems, fire extinguishers, and exit signs;
 - furnish and install wiring and equipment needed by the Library Building for electric, data communication and connectivity to the Library's Wide Area Network, telephone, and cable service;
 - furnish and install a separate electric and water use meters for the Library Building; and
 - furnish and install a separate electric and water use meters for the Library space; and
5. The schedule for County approval of construction documents requiring the LESSEE to submit construction documents for County review and approval at 25%, 50% and 100% completion for compliance with applicable codes and Library Maintenance Standards;
6. The County's obligation to provide furniture, shelving, books, window treatment, supplies, and equipment, including computer equipment, for the Library space, and shall have full discretion in the selection and approval thereof.
7. The County's responsibility for maintenance and repair of the interior Library Space;
8. Carrfour's responsibility to maintain the parking structure, all exterior electricity and lighting fixtures, all landscaping, and all exterior maintenance, including any structural maintenance of the exterior Library space.
9. The County's operation of the library and payment for full yearly operating costs.

10. The County Manager's (or designee) and Carrfour's authorization to enter into additional agreements, consistent with the terms hereof to fully operationalize the Library Space.

Finally, if the proposed lease amendment is approved by the Board, the housing component of the proposed mixed used project will be new construction, in lieu of rehabilitation, as originally proposed. In connection with these negotiations, Carrfour and the County have agreed to mutually release each other from any claims that either party may assert related to costs or delays attributable to incompleteness of the rehabilitation project, in a release form acceptable to the County Attorney and Carrfour's counsel.



Assistant County Manager



Assistant County Manager

Crapp, Tony E. (CMO)

From: Maria Pellerin Barcus [mpb@carrfour.org]
Sent: Tuesday, March 29, 2005 10:55 AM
To: Tony Crapp, Sr. (E-mail 2); David Raymond (E-mail); director@mdpls.org; AM13@miamidade.gov
Cc: George Burgess (E-mail 2); Tere Garcia (E-mail); Linda Quick (E-mail); Gary Cohen (E-mail 2)
Subject: VILLA AURORA
Importance: High
Attachments: Library commitment.DOC

Tony,

At our meeting last Thursday you indicated that Carrfour's February 14th offer was acceptable except that you wanted Carrfour to build out the interior of the library, exclusive of furniture and equipment.

After reviewing the current plans and the written specifications provided by the library for its design, Carrfour is willing to modify its offer of February 14th as follows:

1. Carrfour will pay Miami-Dade County an additional \$500,000 for a total of \$1,500,000, under the same terms and conditions outlined in the Feb. 14th letter.
2. The library will be built out in accordance with plans and specifications provided or approved by the Library Director, excluding furniture and equipment, but including wall partitions and basic finishes such as paint, carpet, lighting and plumbing fixtures.

As previously discussed among the attorneys, in order to meet the State's requirements:

(a) Article XXV of the lease needs to be reworked to eliminate conditional language. We suggest

"The Lessor agrees to provide the Lessee up to \$2,950,000 for capital development of the Library Program space, consisting of 12,000 square feet, including design, construction, landscaping, parking and any other development costs, in accordance with Plans and Specifications approved by the Director of the Library Department, which approval shall not be unreasonably withheld. Failure to approve or comment within 10 business days shall constitute approval."

(b) The attached commitment letter must be executed by the County Manager.


(c) Add : "LESSEE may assign this Lease to a limited partnership of which the Lessee or a non-profit affiliate of Lessee is the general partner. "

(d) We now know the building will contain 76 units, including 39 set aside for the formerly homeless. The lease should reflect the most accurate information available.

You can reach me on my cell phone (305) 788-7343, if you need anything else from me.

Maria Pellerin Barcus
President/CEO
Carrfour Supportive Housing
155 S. Miami Ave., #1150
Miami, FL 33131
Tel: (305) 371-8300 X 323
Fax: (305) 371-1376
Email: mpb@carrfour.org

03/29/2005



Crapp, Tony E. (CMO)

From: Crapp, Tony E. (CMO)
Sent: Wednesday, March 09, 2005 5:35 PM
To: 'Maria Pellerin Barcus'
Cc: Raymond, David (HT); Santiago, Raymond (LIB); Hudak, Alina T. (CMO); Johnson-Stacks, Cynthia (CAO)
Subject: RE: Villa Aurora

Maria,

Please be advised that your latest correspondence has been received and reviewed, and as the result the County's position regarding the subject project has not changed. We are not comfortable with moving forward at this time, however, as I have previously advised we look forward to continuing to discuss this possible project relative to next year's State tax credit cycle.

-----Original Message-----

From: Maria Pellerin Barcus [mailto:mpb@carrfour.org]
Sent: Wednesday, March 09, 2005 4:47 PM
To: Tony Crapp, Sr. (E-mail 2); David Raymond (E-mail)
Subject: Villa Aurora

Attached is a synopsis we have prepared of the history and the present situation regarding Villa Aurora. We are still hoping for a resolution of this issue.

Maria Pellerin Barcus
President/CEO
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February 14, 2005

Mr. Tony Crapp
Assistant County Manager
Miami-Dade County
111 NW 1st Street, 29th Floor
Miami, Florida 33140

Re: Villa Aurora Project/Hispanic Library

Dear Mr. Crapp:

As noted in your e-mail of February 10 to the County Manager, the agenda item for the above project was withdrawn from the agenda for the February 1 meeting of the Board of County Commissioners because of the County's perception that "CarrFour would not agree to stand by its estimated cost of 2.950 million as the cap for the County's cost." As I understand it, the County is seeking some form of assurance from Carrfour that, if the library "shell" space (as further described below) cannot be completed within the approved budget amount of \$2,950,000, then Carrfour would either make up the difference from its own funding sources or abandon the project. Evidently, the County believes that the parties' inability to resolve this issue prior to the February 1 meeting, and the resulting withdrawal of the agenda item, necessitates deferral of the project for another year.

Carrfour's Executive Committee, which has the authority to bind the organization, has met and authorized the following offer, which, if acceptable to the County, would resolve the pending issue and permit the project to proceed without delay. The material terms of Carrfour's proposal are as follows:

- Carrfour will pay Miami-Dade County \$1 million dollars for the rights to build on this site from its sources for the non-library portion of the building. This is feasible if Carrfour's application to Florida Housing Finance Corporation is approved.
- By agreement, these funds will be held in escrow to cover costs of the library space in excess of \$2.95 million. The costs allocable to the library will be determined once architectural and engineering drawings are complete and construction bids have been received, allowing for reasonable change orders during construction. The cost is to include all development costs to provide the required number of parking spaces (40 spaces-one per 300 S.F.) and a 12,000 square-foot, ground floor, air-conditioned shell space, with finished perimeter drywall, excluding furniture, fixtures and equipment and interior build-out. Roughed-in plumbing and electrical circuitry without fixtures will be provided pursuant to architectural and engineering plans approved by the designated representative of the Library Department. The County will be responsible for designing and building out the interior of the library from other funds.

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February 14, 2005
Mr. Tony Crapp
Assistant County Manager
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- To the extent that the library space does not require the \$1 million in escrow, the remaining balance will be granted back to Carrfour Supportive Housing upon the completion of the project to be used in the development of another supportive housing project in Miami-Dade County.
- In the unlikely event that the final cost estimate for the library space as described in the second bullet exceeds \$3,950,000, which translates into \$329 per square foot, a very high number, then Carrfour agrees to make up the difference from its own resources or abandon the project. In the event that the project is abandoned, then the County agrees to reimburse Carrfour's predevelopment costs.

Carrfour sees this proposal as a meaningful and feasible way to address the County's concerns and proceed with the mixed-use project in the current application cycle. If this proposal is acceptable to Miami-Dade County, Carrfour is prepared to negotiate immediately the full development and operating agreement so that all of the required documents can be presented to the Board of County Commissioners for approval prior to the April 25th deadline for completing the application to Florida Housing Finance Corporation. Ideally, the amended lease could be presented on the agenda for the March 1 meeting, and final documents approved at the following meeting. Carrfour is completing the filing required on February 16, which does not require any County action. If approved, this application will fund most of the capital costs for the residential portion of the project, bringing in excess of \$10 million to Miami-Dade County to address the need for affordable housing.

The architectural planning is now sufficiently advanced that we can tell you that the project will contain 76 apartments, 39 of which will be set-aside for formerly homeless families. The balance, 37 units will consist of 34 one-bedroom apartments (two renting for \$214 per month and 32 renting for \$511 per month), 2 three-bedroom apartments and one four-bedroom apartment. The one-bedroom apartments will be suitable for housing the elderly population desperately needing affordable housing in this neighborhood. The units set aside for homeless families include 2 one-bedroom, 22 two-bedroom, 10 three-bedroom and 5 four-bedroom. Common areas for the apartments and Carrfour's central office will be on the top floor.

I look forward to your immediate response so that we can begin work on the development and operating agreements in order to achieve our mutual objectives.

Sincerely,



Maria Pellerin Barcus
President/CEO

cc: Commissioner Bruno Barreiro
George Burgess, County Manager
Ron Book, Chairman, Homeless Trust Board
David Raymond, Homeless Trust Director
Cynthia Johnson-Stacks, County Attorney's Office
Raymond Santiago, Library Department Director
Alina Hudak, Assistant County Manager
Carrfour Board of Directors
Gary Cohen, Shutts & Bowen
Bruce J. Berman, McDermott Will & Emery, LLP



CARRFOUR
SUPPORTIVE
HOUSING

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FEB 04 2005

Tony E. Cropp, Sr.
County Manager's Office

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February 2, 2005

Mr. George Burgess
Miami-Dade County Manager
111 N.W. 1st Street, Suite 2910
Miami, Florida

Via email: gburg@miamidade.gov
Via facsimile: (305) 375-4658

Dear Mr. Burgess:

I understand that the Administration withdrew the Villa Aurora lease amendment from yesterday's meeting of the Board of County Commissioners. Hopefully, this provides an opportunity to resolve misunderstandings that resulted from the hurried development of this document. I would like to meet with you at your earliest convenience in the hope of getting this matter back before the Commission in some form on February 15th.

I have spoken to the aides of the three commissioners who wanted to discuss the item. Commissioner Gimenez had already released the item and Commissioner Carey-Shuler is also ready to release the item. Additional information has been provided to Commissioner Jordan and I am confident that this information will allay her concerns.

Going forward, it would also be helpful to have a single, appointed negotiator to represent the County as there are two different County departments involved. I fear that County staff had internal meetings at which Carrfour was not represented and that is why the request for a cost guarantee was not made until 6 or 7 p.m. the evening before the Board meeting.

The work to submit an application for funding to Florida Housing Finance Corporation is mostly done at this point so that we can submit a "placemaker" application in anticipation of having an agreement and a funding commitment for the library shortly. Please keep in mind that this application will generate approximately \$14 million in tax credit equity and state funds for the development of the apartment component of the project and that 78 much-needed apartments will be provided.

The funding commitment needed from the County is to fund the library, the same as it would approve funding for a free-standing library. Under the agreement, the County will own the library space and the land. The lease document makes reference to a Development Agreement that will detail how the design and development process will be handled. This document will provide the County with control of the space and the funds to pay for it throughout the process. The lease document does not consider that there would be any form of cost guarantee by Carrfour. The County is expected to establish its own adequate budget for the library. As a budget, \$2,950,000 is a reasonable amount, although it resulted from a miscalculation of the cost estimate provided by Carrfour December 7th. (It budgets parking spaces at \$11,000 per space instead of \$15,000 per space, which is a more conservative estimate).

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February 2, 2005
Mr. George Burgess
Miami-Dade County Manager
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I have asked our attorney, Gary Cohen, Shutts & Bowen to redraft the funding commitment letter which may have given the mistaken impression that the funding was being "granted" to Carrfour, hence eliciting a last minute request for a cost guarantee from Carrfour. This transaction should be viewed as two separate entities collaborating to build one building, each bearing responsibility for its portion of the building.

Since the item was not heard yesterday, and after further consideration and consultation with Carrfour's Board members engaged in high-rise construction, we are withdrawing the offer of a guarantee made hurriedly the night before the Commission meeting in an effort to move forward. However, the development agreement can provide the County with the controls it needs to protect its interests throughout the process.

I look forward to meeting with you and getting this wonderful project back on track.

Sincerely,



Marja P. Barcus
President/CEO

Cc: Comm. Bruno Barreiro

~~Pony Crapp, Assistant County Manager~~

Alina Tejeda Hudak, Assistant County Manager

David Raymond, Executive Director, Homeless Trust

Ron Book, Chairman, Homeless Trust

Raymond Santiago, Director, Library

Gary Cohen, Shutts & Bowen

Cynthia Johnson-Stacks, County Attorney

Carrfour Construction and Development Committee: Alan Ojeda, Chairman, Ed Bell,

Vivian Bonet, Charles Rackley and Tere Garcia

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